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FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of expenditure, voted and charged, of the Government for each financial year compared with amounts of voted grants and appropriations charged for different purposes as specified in schedules appended to the Appropriation Act, 2013. These Accounts list original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services, *vis-à-vis*, those authorised by the Act in respect of both charged and voted items of the budget. Appropriation Accounts are thus a control document facilitating management of finances and monitoring of the budgetary provisions and are therefore complementary to the Finance Accounts.

2.1.2 Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution, is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of Actual Expenditure during 2013-14 against 92 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised position of Actual Expenditure, *vis-à-vis*, Original/Supplementary Provision

Nature of expenditure		Original grant/ Appropriation	Supplementary Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Excess (+)/ Savings(-)
Voted	I -Revenue	1,43,185.79	6,183.10	1,49,368.89	1,32,860.22	(-)16,508.67
	II -Capital	44,927.85	4,394.60	49,322.45	41,894.04	(-)7,428.41
	III -Loans and Advances	1,953.73	75.97	2,029.70	1,473.34	(-)556.36
	Total Voted	1,90,067.37	10,653.67	2,00,721.04	1,76,227.60	(-)24,493.44
Charged	IV -Revenue	26,326.27	70.99	26,397.26	26,041.56	(-)355.70
	V- Capital	194.92	7.50	202.42	265.73	(+)63.31
	VI- Public Debt- Repayment	18,587.86	0	18,587.86	8,166.74	(-)10,421.12
	Total Charged	45,109.05	78.49	45,187.54	34,474.03	(-)10,713.51
Grand Total		2,35,176.42	10,732.16	2,45,908.58	2,10,701.63	(-)35,206.95

Note: Figures of actual expenditure include recoveries adjusted as reduction of expenditure under voted revenue expenditure (₹ 754.91 crore), voted capital expenditure (₹ 9,221.22 crore) and under charged capital expenditure (₹ 75.90 crore).

(Source: Appropriation and Finance Accounts 2013-14)

Overall savings of ₹ 35,206.95 crore were the results of savings of ₹ 38,715.63 crore (**Appendix 2.1**) in 126 cases of grants and appropriations under Revenue Section and 75 cases of grants and appropriations under Capital Section including Loan Section (Public Debt-Repayments), offset by excess of ₹ 3,508.68 crore in three grants and appropriations under Revenue Section and five grants under Capital Section.

The Government should ensure that the budgetary control is strengthened in all Departments to avoid cases of provision remaining unutilised.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation, vis-à-vis, Allocative Priorities

Appropriation Audit revealed that savings exceeded ₹ 10 crore in each case or by more than 20 per cent of total provisions in 144 cases (**Appendix 2.2**). Against the savings of ₹ 38,715.63 crore, savings of ₹ 36,545.94 crore (94 per cent) occurred in 48 cases (exceeding ₹ 100 crore in each case) relating to 33 grants/appropriations. The details thereof are given in **Table 2.2**.

Table 2.2: Grants with savings of ₹100 crore and above

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Provision			Actual Expenditure	Savings
			Original Grant	Supplementary	Total Grant		
Revenue Voted							
1	11	Agriculture and other Allied Departments (Agriculture)	2,582.08	112.79	2,694.87	2,098.77	596.10
2	12	Agriculture and other Allied Departments (Land Development and Water Resources)	308.59	0.00	308.59	186.60	121.99
3	13	Agriculture and Other Allied Departments (Rural Development)	1,571.20	0.10	1,571.30	1,370.20	201.10
4	14	Agriculture and Other Allied Departments (Panchayati Raj)	4,926.35	899.44	5,825.79	5,363.58	462.21
5	26	Home Department (Police)	10,156.90	192.00	10,348.90	9,366.02	982.88
6	32	Medical Department (Allopathy)	3,485.91	0.00	3,485.91	3,014.60	471.31
7	35	Medical Department (Family Welfare)	2,540.90	4.34	2,545.24	2,375.29	169.95
8	36	Medical Department (Public Health)	484.86	0.00	484.86	372.25	112.61
9	37	Urban Development Department	3,229.92	586.92	3,816.84	3,162.15	654.69
10	41	Election Department	135.17	109.06	244.23	117.25	126.98
11	42	Judicial Department	1,260.36	7.16	1,267.52	1,044.21	223.31
12	48	Minorities Welfare Department	1,816.16	17.11	1,833.27	1,632.08	201.19
13	49	Women and Child Welfare Department	4,149.84	0.00	4,149.84	3,878.27	271.57
14	50	Revenue Department (District Administration)	701.32	0.00	701.32	570.62	130.70
15	51	Revenue Department (Relief on Account of Natural Calamities)	472.37	218.23	690.60	455.12	235.48
16	52	Revenue Department (Board of Revenue and Other Expenditure)	2,285.23	100.08	2,385.31	2,182.74	202.57
17	54	Public Works Department (Establishment)	1,616.70	0.00	1,616.70	575.43	1,041.27
18	62	Finance Department (Superannuation Allowances and Pensions)	19,830.46	0.00	19,830.46	17,996.99	1,833.47
19	69	Vocational Education Department	317.01	8.13	325.14	218.27	106.87

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20	71	Education Department (Primary Education)	20,958.70	230.14	21,188.84	18,621.61	2,567.23
21	72	Education Department (Secondary Education)	8,816.86	0.00	8,816.86	7,942.75	874.11
22	73	Education Department (Higher Education)	2,536.38	3.40	2,539.78	2,191.50	348.28
23	79	Social Welfare Department (Welfare of the Handicapped and Backward Classes)	2,161.13	0.12	2,161.25	1,899.33	261.92
24	80	Social Welfare Department (Social Welfare and Welfare of Scheduled Castes)	4,098.99	439.33	4,538.32	4,100.68	437.64
25	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	8,042.74	720.10	8,762.84	7,447.10	1,315.74
26	84	General Administration Department	112.67	0.00	112.67	5.48	107.19
27	94	Irrigation Department (Works)	2,181.43	544.06	2,725.49	1,986.73	738.76
28	95	Irrigation Department (Establishment)	2,916.85	0.00	2,916.85	2,319.38	597.47
Total			1,13,697.08	4,192.51	1,17,889.59	1,02,495.00	15,394.59
Revenue – Charged							
29	61	Finance Department (Debt Services and Other expenditure)	25,734.80	0.00	25,734.80	25,445.96	288.84
Total			25,734.80	0.00	25,734.80	25,445.96	288.84
Capital – Voted							
30	9	Power Department	5,516.17	900.00	6,416.17	6,060.57	355.60
31	11	Agriculture and other Allied Departments (Agriculture)	965.80	4.94	970.74	500.21	470.53
32	13	Agriculture and other Allied Departments (Rural Development)	2,532.78	100.00	2,632.78	2,487.02	145.76
33	21	Food and Civil Supplies Department	9,626.01	61.69	9,687.70	5,022.88	4,664.82
34	26	Home Department (Police)	646.30	25.00	671.30	544.79	126.51
35	31	Medical Department (Medical Education and Training)	1,037.75	73.55	1,111.30	917.89	193.41
36	32	Medical Department (Allopathy)	627.94	0.00	627.94	344.11	283.83
37	37	Urban Development Department	1,645.13	8.11	1,653.24	1,283.33	369.91
38	40	Planning Department	1,868.05	514.73	2,382.78	1,917.29	465.49
39	42	Judicial Department	801.19	12.38	813.57	477.40	336.17
40	48	Minorities Welfare Department	870.61	20.00	890.61	742.40	148.21
41	61	Finance Department (Debt Services & Other Expenditure)	2,321.40	0.00	2,321.40	2,130.81	190.59
42	62	Finance Department (Superannuation Allowances and Pensions)	150.00	0.00	150.00	0.00	150.00
43	72	Education Department (Secondary Education)	218.99	0.00	218.99	61.04	157.95
44	73	Education Department (Higher Education)	226.50	53.82	280.32	94.97	185.35
45	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	3,099.67	0.00	3,099.67	2,575.63	524.04
46	94	Irrigation Department (Works)	4,829.57	290.27	5,119.84	3,363.50	1,756.34
Total			36,983.86	2,064.49	39,048.35	28,523.84	10,524.51
Capital – Charged							
47	21	Food and Civil Supplies Department	653.22	0.00	653.22	155.24	497.98
48	61	Finance Department (Debt Services & Other Expenditure)	18,034.33	0.00	18,034.33	8,194.31	9,840.02
Total			18,687.55	0.00	18,687.55	8,349.55	10,338.00
Grand Total			1,95,103.29	6,257.00	2,01,360.29	1,64,814.35	36,545.94

(Source: Appropriation Accounts 2013-14)

Table 2.2 shows that savings exceeding ₹ 500 crore occurred (10 Grants) under Grant numbers 11- Agriculture and Other Allied Department (Agriculture), 26- Home Department (Police), 37- Urban Development Department, 54- Public Works Department (Establishment), 62- Finance Department (Superannuation Allowances and Pensions), 71-Education Department (Primary Education), 72-Education Department (Secondary Education), 83- Social Welfare Department (Special Component Plan for Scheduled Castes), 94- Irrigation Department (Works) and 95- Irrigation Department (Establishment) pertaining to Revenue – voted. Similarly, savings exceeding ₹ 500 crore also occurred (three Grants) under Grant numbers 21- Food and Civil Supplies Department, 83- Social Welfare Department (Special Component Plan for Scheduled Castes) and 94- Irrigation Department (Works) pertaining to Capital voted. Likewise, savings exceeding ₹ 500 crore also occurred under Grant number 61- Finance Department (Debt services and other Expenditure) pertaining to Capital charged.

When compared with the savings occurring in the previous year, we noticed that the savings (exceeding ₹ 500 crore) occurred in 11 out of 12 grants¹ as detailed in **Table 2.3**.

Table 2.3: Grants indicating Savings

(₹ in crore)

SI No.	Grant No.	Name of the Grant	Savings occurred during	
			2012-13	2013-14
1	11	Agriculture & other Allied Departments (Agriculture) - Revenue voted	644.92	596.10
2	21	Food and Civil Supplies Department- Capital Voted	1,039.49	4,664.82
3	26	Home Department (Police) -Revenue Voted	793.40	982.88
4	54	Public Works Department (Establishment) - Revenue Voted	681.45	1,041.27
5	61	Finance Department (Debt services and other Expenditure) - Capital Charged	9,934.16	9,840.02
6	62	Finance Department (Superannuation) - Revenue Voted	677.76	1,833.47
7	71	Education Department (Primary Education)-Revenue Voted	1,865.81	2,567.23
8	72	Education Department (Secondary Education)- Revenue voted	1,276.78	874.11
9	83	Social Welfare Department (Special Component Plan for Scheduled Castes)- Revenue Voted	1,762.10	1,315.74
10		Social Welfare Department (Special Component Plan for Scheduled Castes)- Capital Voted	588.84	524.04
11	94	Irrigation Department (Works) – Capital Voted	805.77	1,756.34

(Source: Appropriation Accounts 2012-13 & 2013-14)

2.3.2 Persistent Savings

In 21 cases involving 16 grants, there were persistent savings during the preceding five years. The details are given in **Table 2.4**. During 2013-14, the

¹ Grant no. 11 (Agriculture & Other Allied Departments - Agriculture), 21 (Food and Civil Supplies Department), 26 (Home Department – Police), 37 (Urban Development Department), 54 (Public Works Department – Establishment), 61 (Finance Department – Debt services and other expenditure), 62 (Finance Department- Superannuation, allowances and pensions), 71 (Education Department – Primary Education), 72 (Education Department – Secondary Education), 83 (Social Welfare Department – Special Component plan for Scheduled Castes), 94 (Irrigation Department Works) and 95 (Irrigation Department Establishment).

savings ranged between ₹ 126.51 crore (grant no. 26 – Capital Voted) and ₹ 9,840.02 crore (grant no. 61- Capital Charged).

Table 2.4: Grants indicating Persistent Savings

(₹ in crore)

Sl. No.	Number and Name of the Grant	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue - Voted						
1	11-Agriculture and other Allied Departments (Agriculture)	720.33	217.67	766.36	644.92	596.10
2	13-Agriculture and other Allied Departments (Rural Development)	33.08	148.94	134.32	103.79	201.09
3	14-Agriculture and other Allied Departments (Panchayati Raj)	334.35	226.92	211.62	907.53	462.21
4	26-Home Department (Police)	101.09	149.67	54.74	793.40	982.88
5	32-Medical Department (Allopathy)	414.68	203.62	145.70	403.79	471.31
6	37-Urban Development Department	54.47	711.79	625.51	238.51	654.69
7	42-Judicial Department	191.88	230.59	172.36	178.52	223.31
8	49-Women and Child Welfare Department	218.28	180.62	636.10	372.97	271.58
9	52-Revenue Department (Board of Revenue and other Expenditure)	64.65	104.39	69.90	353.02	202.58
10	54-Public Works Department (Establishment)	442.11	396.56	238.54	681.45	1,041.27
11	72-Education Department (Secondary Education)	258.35	785.84	582.87	1,276.77	874.11
12	73-Education Department (Higher Education)	93.50	571.89	745.76	816.09	348.28
13	83-Social Welfare Department (Special Component Plan for Scheduled Castes)	291.56	110.33	792.46	1,762.10	1,315.74
14	95-Irrigation Department (Establishment)	16.76	14.71	18.03	483.40	597.47
Total		3,202.01	3,904.60	5,059.95	8,912.47	8,242.62
Capital - Voted						
15	11-Agriculture and other Allied Departments (Agriculture)	32.74	50.30	100.86	177.73	470.53
16	26-Home Department (Police)	145.34	356.13	488.36	363.24	126.51
17	37-Urban Development Department	374.16	687.12	261.76	737.99	369.91
18	48-Minorities Welfare Department	134.62	165.56	373.36	164.73	148.22
19	61-Finance Department (Debt Services and other Expenditure)	274.13	153.04	401.78	222.64	190.59
20	83- Social Welfare Department (Special Component Plan for Scheduled Castes)	724.30	103.62	415.46	588.84	524.04
Total		1,652.55	1,465.47	1,940.72	2,077.44	1,829.80
Capital - Charged						
21	61- Finance Department (Debt Services and other Expenditure)	9,219.96	9,288.06	9,999.25	9,934.16	9,840.02
Total		9,219.96	9,288.06	9,999.25	9,934.16	9,840.02

(Source: Appropriation Accounts of respective years)

Persistent savings in substantial number of grants over the years is indicative of improper assessment of the requirement of fund by the State Government repeatedly without proper scrutiny of the need and the flow of expenditure.

2.3.3 Excess Expenditure

Expenditure amounting to ₹ 13,805.85 crore exceeded the provision by ₹ 3,502.07 crore where expenditure was more than ₹ 10 crore or more in five

cases involving four grants in each case or more than 20 per cent of the total provision. Details are given in **Appendix 2.3**.

Substantial excess expenditure was noticed in the following grants consistently for preceding five years ending 2013-14 as detailed in **Table 2.5**.

Table 2.5: Grants indicating Persistent Excess Expenditure

(₹ in crore)

Sl. No.	Number and name of the Grant	Excess Expenditure				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-Voted						
1	58-Public Works Department (Communications -Roads)	132.39	121.37	106.77	166.12	204.95
Capital-Voted						
2	55- Public Works Department (Buildings)	362.12	144.20	54.55	71.97	70.68
3	58- Public Works Department (Communications -Roads)	1,140.84	1,152.14	1,068.66	2,152.37	3,131.34

(Source: Appropriation Accounts of respective years)

Persistent excess expenditure in Public Works Department during 2009-14 under Grant number 58 of Revenue section and 55 and 58 of Capital section indicated underestimation of demands at the time of preparation of budget.

2.3.4 Excess of expenditure over grants/appropriations relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/appropriation regularised by the State Legislature. It was noticed that the State Government has regularised the excess expenditure pertaining to period upto 2004-05. However, the excess expenditure, amounting to ₹ 17,743.99 crore pertaining to the years 2005-13, was yet to be regularised. The year-wise break-up of the amount of excess expenditure awaiting regularisation under 82 grants and 32 appropriations is given in **Table 2.6**.

Table 2.6: Excess of expenditure over grants/appropriations relating to previous years requiring regularisation

Year	Number of Grants/ Appropriations	Details of Grants/ Appropriations	Amounts of excess (₹ in crore)
2005-06	25- Grants 4-Appropriations	Revenue Voted- 8,12,19,53,55,57,58,72; Capital Voted-15,16,18,23, 24, 33, 34,37,38,40, 55,56, 57,58,73,75,96; Revenue Charged-1,52; Capital Charged-52,55	1,026.78
2006-07	18-Grants 6-Appropriations	Revenue Voted-9,13,55,58,61,62,73,91,95; Capital Voted-3,16,31, 37, 55,57,58,89,96; Revenue Charged-2,3,10,52,62,89	2,484.47
2007-08	12-Grants 2-Appropriations	Revenue Voted-51,55,57,58,62; Capital Voted-13,16,55,58,63,83,96 Revenue Charged-51,66	3,610.65
2008-09	5-Grants 1-Appropriations	Revenue Voted-62,96; Capital Voted-55,58,96; Revenue Charged-52	3,399.42

2009-10	6-Grants 6-Appropriations	Revenue Voted-58; Capital Voted-1,16,55,58,59; Revenue Charged-3,10,16,48,52,66	1,250.16
2010-11	6-Grants 4-Appropriations	Revenue Voted-30,51,91; Capital Voted-10,55,58; Revenue Charged-10,23,61,82	1,702.62
2011-12	6-Grants 6-Appropriations	Revenue Voted-21,62,91; Capital Voted-1,55,58; Revenue Charged-13,18,23,61,62,82	1,889.66
2012-13	4-Grants 3-Appropriations	Revenue Voted-51,57;Capital Voted-55,58; Revenue Charged-55,62,89	2,380.23
Total			17,743.99

(Source: Appropriation Accounts of respective years)

2.3.5 Excess of expenditure over grants/appropriations during 2013-14 requiring regularisation

Table 2.7 presents summary of excesses in three cases of grants/appropriations amounting to ₹ 2,608.18 crore², over and above the authorisation from the Consolidated Fund of the State during 2013-14.

Table 2.7: Excess over provision requiring regularisation during 2013-14

(₹in crore)						
Sl. No.	Number and name of grant/appropriation	Total grant/appropriation	Expenditure	Excess expenditure	Adjustment of amounts during the year	Excess expenditure requiring regularisation
1	2	3	4	5	6	7
Capital Voted						
1	55- Public Works Department (Buildings)	50.42	121.10	70.68	4.86	65.82
2	58- Public Works Department (Communications Roads)	5,953.90	9,085.24	3,131.34	589.95	2,541.39
Total		6,004.32	9,206.34	3,202.02	594.81	2,607.21
Capital Charged						
3	52- Revenue Department (Board of Revenue & Other Expenditure)	0.06	1.03	0.97	0.00	0.97
Total		0.06	1.03	0.97	0.00	0.97
Grand Total		6,004.38	9,207.37	3,202.99	594.81	2,608.18

(Source: Appropriation Accounts 2013-14)

It would be seen from the table that ₹ 2,608.18 crore was awaiting regularisation under Article 205 of the Constitution, as of March 2014.

The Government should ensure that the excess expenditure pending regularisation is regularised under Article 205 of the Constitution of India.

² Remaining excess amount (i.e. ₹ 3,508.68 crore- ₹ 2,608.18 crore) does not require separate regularisation being pro-rata / suspense adjustment in relevant grants.

2.3.6 Unnecessary/Inadequate Supplementary Provision

During 2013-14, supplementary provision amounting to ₹ 3,687.52 crore obtained in 46 cases, (₹ one crore or more in each case) proved unnecessary as the expenditure was not even up to the level of the original provision as detailed in *Appendix 2.4*. However, Supplementary provision of ₹ 1,232.20 crore in Grant number 55- Public Works Department (Buildings), 57- Public Works Department (Communications Bridges) and 58- Public Works Department (Communication Roads) proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 3,501.10 crore (*Appendix 2.5*). Unnecessary and inadequate supplementary provisions indicated that the provision made in the supplementary budget was not based on actual estimated requirement.

2.3.7 Excessive/Unnecessary Re-appropriation of Funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another where additional funds are needed³.

Injudicious re-appropriations proved excessive or insufficient and resulted in savings of ₹ 2,062.79 crore in 120 sub-heads involving 41 grants and excess of ₹ 1,166.16 crore occurred in 60 sub-heads involving 30 grants as detailed in *Appendix 2.6*.

2.3.8 Substantial Surrenders

Substantial surrenders (50 *per cent* or more of the total provision) amounting to ₹ 16,300.67 crore were made in respect of 142 sub-heads due to various reasons. Out of total provision amounting to ₹ 21,091.99 crore in 142 schemes/ programmes, ₹ 16,300.67 crore (77 *per cent*) was surrendered during 2013-14, which included *cent per cent* surrenders in 62 schemes/ programmes (₹ 372.28 crore). The details *viz.* names of the grants, heads of accounts, amounts surrendered together with the reasons for surrender (wherever intimated by the Government) are given in *Appendix 2.7*. Substantial surrender of amounts indicated that the budgeting was not done with due prudence.

2.3.9 Surrender in Excess of Actual Savings

As against savings of ₹ 10,643.12 crore, the amount surrendered was ₹ 11,071.24 crore resulting in excess surrender of ₹ 428.12 crore during 2013-14 in 10 grants (₹ 50 lakh or more in each case) as detailed in *Appendix 2.8*. The surrender in excess of actual savings indicated that the departments did not exercise adequate budgetary controls by watching flow of expenditure through monthly expenditure statements.

2.3.10 Anticipated Savings not surrendered

As per para 139 of the Budget Manual, spending Departments are required to surrender grants/appropriations or portion thereof to the Finance Department

³ Budget Manual, Section II.

as and when savings are anticipated. At the end of 2013-14, it was noticed that under 55 cases of grants/appropriations in which savings occurred but no part of it was surrendered by the spending departments. The amount involved was ₹ 13,674.28 crore (*Appendix 2.9*).

Similarly, out of total savings of ₹ 23,764.13 crore under 92 cases (savings of ₹ one crore and above), an amount of ₹ 15,120.81 crore (64 *per cent*) was not surrendered (*Appendix 2.10*), which forms 39 *per cent* of total savings of ₹ 38,715.63 crore. This is indicative of inadequate financial control and resultant blocking of funds thereby resulting in non-availability of funds for alternative purposes of development.

2.3.11 Advances from the Contingency Fund

The State Government maintains Contingency Fund under the Contingency Fund Act, 1962 with a corpus amount of ₹ 600 crore for meeting unforeseen expenditure pending authorization of such expenditure by the State Legislature. The fund is recouped by debiting expenditure to the concerned functional major head in the Consolidated Fund of the State.

The transaction relating to the Contingency Fund is depicted under the Major Head 8000–Contingency Fund in Statement number 18 of the Finance Accounts. It revealed that ₹ 86.55 crore, drawn from the Contingency Fund during 2013-14, was not recouped to the Fund during the same year and was lying unrecouped at the close of March 2014.

2.3.12 Drawls of funds to avoid lapse of budgetary provision

The Thirteenth Finance Commission recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund of the State and the Government expenditure should be directly incurred from the Consolidated Fund, avoiding transfer from Consolidated Fund to the Public Accounts. Further, Rule 162 of FHB Volume V, Part I forbids drawls of money from the treasury unless it is required for immediate disbursement.

However, we in test check noticed that funds amounting to ₹ 622.61 crore were drawn from the treasury and deposited in Personal Ledger Account (PLA) to avoid lapse of funds as per details given in **Table 2.8**.

Table 2.8: Drawls of funds to avoid lapse of budgetary provision

Sl. No.	Number, name of Grant, Department and Major Head	Budget Provision (₹ in crore)	Amount deposited in PLA (₹ in crore)	Audit Observations involving financial repercussions
1	Grant No.26- Home Department (Police) MH 4055	659.30	9.00	Rupees nine crore released for purchase of equipment for Ultra Modern Police Control Room at Allahabad was drawn, on 31 March 2014 and deposited in PLA of U.P. Police Awasthi Nigam.
2	Grant No.37-Urban Development	3,048.97	393.23	The following amounts were drawn from the treasury and

	MH 2217			deposited in PLAs <ul style="list-style-type: none"> • Rupees 164 crore under Urban Infrastructure Development Scheme for Small and Medium Towns (JNNURM Scheme), • Rupees 14.68 crore under Adarsh Nagar Development Yojana • Rupees 4.13 crore under Satellite Town Development • Rupees 210.42 crore under JNNURM Scheme,
3	Grant No. 49 – Women and Child Welfare Department MH 2235 and 4235	4,313.95	220.38	<ul style="list-style-type: none"> • Rupees 160.60 crore relating to construction of Anganbadi Centres was sanctioned on 30 March 2014 and drawn from the treasury on 31 March 2014 and deposited in PLA of U.P. Social Welfare Construction Corporation Lucknow. • Rupees 46.54 crore relating to purchase of machines/ tools and equipment and ₹ 13.24 crore relating to purchase of Material/ Supply was sanctioned on 31 March 2014 and drawn from the treasury on 31 March 2014 and deposited in PLA of U.P. S.W.C.C. Lucknow.
Total		8,022.22	622.61	

(Source: Concerned Departments)

Thus, moneys were drawn from the treasury during 2013-14 in disregard to the recommendations made by the Thirteenth Finance Commission and in violation of the provisions contained in FHB Volume V, Part I by the Departments to avoid lapse of budgetary provisions.

The Government should ensure that the excessive unnecessary supplementary provision and re-appropriation of funds injudiciously is avoided. The departmental budget is made more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided.

2.3.13 Rush of Expenditure

In terms of Paragraph 211 (e) of the Budget Manual, the rush of expenditure in the closing month of the financial year should be avoided.

During 2013-14, 23.37 *per cent* of the total Revenue expenditure and 50.11 *per cent* of the total Capital expenditure was incurred during the month of March 2014 alone. Such expenditure constituted a significant

portion (24 per cent) of the budget for the year of the departments. Details are given in *Appendix 2.11*.

2.4 Outcome of the Review of Selected Grant

After voting of all Demands for Grants is completed in Legislative Assembly, an Appropriation Bill is introduced for appropriation of the Consolidated Fund of the State all moneys required to meet (a) Grants made by the Assembly and (b) expenditure charged on the Consolidated Fund. The Governor's assent to the Bill is obtained; and when that has been given, the amounts shown in the Act assented to by the Governor and the Schedule thereto become sanctioned Grants for expenditure under various demands.

Out of 92 Grants as per the Appropriation Act, 2013, Grant No. 36- Medical Department (Public Health) was reviewed in audit in September 2014. The details of amount budgeted for, expenditure and savings etc. for 2013-14 are summarised in *Appendix 2.12*. The results of review are set out in succeeding paragraphs

Grant Number 36

Under Grant No. 36-Medical Department (Public Health), ₹ 492.46 crore was provided for 2013-14. Out of this, ₹ 374.20 crore was spent leaving savings of ₹ 118.26 crore. Scrutiny of the records revealed as under.

- The Government provided ₹ 422.43 crore for prevention and control of Diseases. Scrutiny of records revealed that savings of ₹ 102.82 crore was due to non-filling of 199 vacancies⁴ of the Department.
- Further, ₹ 7.58 crore was provided for up-gradation of Government Public Analyst Laboratories including construction of Building and purchase of apparatus. Out of this, ₹ 1.94 crore was spent for construction of laboratories at Lucknow, Gorakhpur and Jhansi and ₹ 5.64 crore was saved due to incomplete tendering process, non-receiving of proposals for purchase of machinery and equipment, instruments and apparatus.

2.5 Conclusion

Financial Accountability and Budget Management

- Overall savings of ₹ 35,206.95 crore was the result of savings of ₹ 38,715.63 crore offset by excess of ₹ 3,508.68 crore.
- There were cases of unnecessary, inadequate, excess savings etc.

Excess expenditure

- Excess expenditure of ₹ 17,743.99 crore for 2005-13 and ₹ 2,608.18 crore for 2013-14 require regularisation under Article 205 of the Constitution of India.

⁴ Assistant Director Malaria -09, District Malaria Officer -21, Filaria Controlling Officer-01, Insect Science Assistant -03, Assistant Malaria Officer-54, Biologist-10, Sr. Malaria Inspector -56, Malaria Inspector-19, Filaria Inspector-22, Administrative Officer-01, Head Clerk-01, Sr. Assistant -02.